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**MEMORANDUM
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FROM: Ernest C. Johnson
Director
Utilities Division

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AZ CORP COMMISSION
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Arizona Corporation Commission

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DATE: August 05, 2008

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RE: IN THE MATTER OF THE COMPLAINTS OF STEVE PRAHIN (DOCKET NO. W-03514A-07-0386) AND REBECCA SIGETI (DOCKET NO. W-03514A-08-0047) VS. PAYSON WATER CO. – GERONIMO WATER SYSTEM

This memorandum is in response to the Administrative Law Judge's request for a Staff Report regarding the adequacy of the current water system operation and the capital improvement projects proposed by Payson Water Co. – Geronimo System ("Geronimo" or "Company").

System Evaluation

Current Water System

According to a water use data sheet provided by the Company, the Geronimo water system currently has two wells (GE Well #2 at 9 gallons per minute ("GPM") and EA Well at 13 GPM), one 15,000 gallon storage tank and a distribution system serving 84 service connections as of May 2008. Company records indicate that for 2007, the peak use month was June.

Staff requested and obtained water system usage for consumption by each customer for the peak month of June 2007. During this peak month, the Company had 85 active accounts, 66 accounts which used water and 19 accounts that did not use water. After evaluating this data, the 66 accounts used 221,980 gallons. Based on this peak month flow, Staff would estimate the peak day flow to be 0.25 GPM per connection and has determined that the existing Geronimo water system's:

- a. Well capacity totaling 22 GPM could adequately serve up to 88 service connections. (22 GPM / 0.25 GPM per connection = 88 connections.) This water service adequacy is based on the current 22 GPM well capacity and could vary throughout the year due to well production depletions, i.e., if production dropped to 18 GPM, this system could adequately serve only 72 connections under peak demand conditions.
- b. Storage capacity of 15,000 gallons could adequately serve up to 133 service connections. (15,000 gallons / 112 GPD per connection = 133 connections.)

Based on the 22 GPM governing well capacity, the Geronimo water system could adequately serve up to 88 connections.

Water System with Proposed Improvements

The Company is proposing to redevelop another well source, GE Well #1 at 2 GPM, and install two additional 10,000 gallon storage tanks at the GE Wellsites. These additional capacities would then increase the well capacity to 24 GPM and the storage tank capacity to 35,000 gallons. With the addition of the capacities, the Geronimo water system would then have:

- a. Well capacity totaling 24 GPM that could adequately serve up to 96 service connections. This water service adequacy is based on the 24 GPM well capacity and could vary throughout the year due to well production depletions. According to the Company, the redevelopment of the GE Well #1 began on June 2, 2008 with a completion date projected for October 20, 2008.
- b. Storage tank capacity of 35,000 gallons could adequately serve up to 312 service connections (using 112 GPD per connection). According to the Company, the installation of the first 10,000 gallon tank began on May 15, 2008, with a completion date projected for August 8, 2008. The second 10,000 gallon tank project is expected to begin on October 20, 2008, with a completion date projected for February 26, 2009. The Company further stated that this second storage tank will be installed if needed.

Based on the 24 GPM governing well capacity, the Geronimo water system could then adequately serve up to 96 connections.

Available Subdivision Lots

According to the Company, the Geronimo Estates has 159 total platted lots, in which 69 lots are currently occupied. For the Elusive Acres Subdivision, there are 30 total platted lots, in which 15 lots are currently occupied. In summary, there are 189 total platted lots in which 84 lots are currently occupied. In order to adequately serve all 189 possible connections, Staff would estimate the required water production capacity to be approximately 50 GPM (exactly 47.25 GPM).

Conclusions and Recommendation

The Company's existing water system has capacity to adequately serve 88 service connections if well production does not drop below 22 GPM during peak demand periods.

The Company's proposed capital improvement projects which include an additional well at 2 GPM and two 10,000 gallon storage tanks, could adequately serve 96 service connections if well

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production does not drop below 24 GPM during peak demand periods.

Staff recommends that the Company increase its current production capacity and add at least 10,000 gallons of storage by no later than December 31, 2008. The ADEQ Approval of Construction for both projects should be submitted to Docket Control by January 31, 2009.

EGJ:MSJ:kdh

Originator: Marlin Scott, Jr.

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